

# TollFreeNumbers.com

Bill Quimby, President  
2517 Rt. 44, 11-222 Washington Hollow Plaza  
Salt Point, NY 12578

Federal Communications Commission  
Ajit Pai, Chairman  
445 12th Street, SW  
Washington, DC 20554

October 4, 2019

## **Re: WC Docket No. 17-192, CC Docket No. 95-155 – URGENT STEP EVERY BIDDER SHOULD TAKE TO REDUCE INSIDER ABUSE IN THE 833 AUCTION**

Dear Chairman Pai,

First one simple tip before I get into stirring things up, that nobody else has mentioned just to make it worth your time to read further. Don't bid round dollar amounts. They say what happens in the event of a tie but smart bidders will never bid an even \$100 for example. Someone else might bid that. Bid \$100.13 or some random amount like that instead and the odds of a tie become almost nil and you might win by a penny or two.

Has anyone else noticed that everything in the 833 auction seems to be designed specifically to minimize participation and the value (or cost) of the numbers except ONE THING. That doesn't matter much to the bidders since they want the numbers to be cheap. It doesn't matter to Somos since they have a blank check to charge practically anything, (even more than the proceeds of the auction). The only thing they did supposedly to raise the value of the numbers, is probably the secret purpose of the whole auction. Everything else is all designed to minimize the participation and minimize the bids.

According to Wikipedia<sup>1</sup> the Vickrey style auction is very rare. It goes on to say "It does not necessarily maximize seller revenues; seller revenues may even be zero in VCG auctions. If the purpose of holding the auction is to maximize profit for the seller rather than just allocate resources among buyers, then VCG may be a poor choice."

Wikipedia goes on to say, "It does not allow for price discovery, that is, discovery of the market price if the buyers are unsure of their own valuations, without sequential auctions."

This is the perfect example of a market place where buyers are unsure of the valuations! Even people in the vanity number business are very unsure about the values. Most customers have absolutely no idea what to bid.

Perhaps the biggest weakness is that this type of auction produces extremely poor results with low participation and/or a larger number of items to be auctioned, which this is the ultimate example of. Maybe it was just a poor choice. A lot of their bid procedures sound like they were taken from the wireless auctions. I was very surprised when I searched the FCC website to find no results for the word "vickrey" before the 833 auction. That means someone specifically picked this very rare type of auction

---

<sup>1</sup> Vickrey Auction [https://en.wikipedia.org/wiki/Vickrey\\_auction](https://en.wikipedia.org/wiki/Vickrey_auction)

which may be the worst possible type of auction possible for such a large number of items with low participation, no firm market values, and no minimum bid, for a reason.

The first thing I noticed when I saw the 833 Auction Procedures was the incredible complexity and level of bureaucracy in the process. I assumed that came from government incompetence. I mean everyone knows that government is inefficient and bureaucratic.

However when you combine this with all of the things minimizing the participation, the extremely small window of time to participate, the insane amount of requirements and hoops to jump through, and auctioning off numbers that are valuable because of their vanity spelling numbers without telling anyone what they spell, etc, it becomes abundantly clear that the whole process is designed to both minimize the participants and to minimize the value/cost of the numbers.

Here's another example. There's a minimum deposit but no minimum bid. During the webinar Joel Bernstein, the attorney for Somos said that the minimum deposit was to insure they only had "serious bidders." That sounds reasonable on the surface. But when I thought about it, when did any auction ever both discourage bidders and have no minimum bid, not to mention literally give the item away for free if there weren't at least two bidders? It's designed to reduce the number of participants and favor someone with deep pockets. The only other thing they'd need is to know which numbers weren't going to have any bids so they could get them all for FREE. Then they'd be set!

I heard someone say immediately after the suspicious suicide of Jeffrey Epstein in prison recently, that incompetence looks very similar to corruption.

There's certainly a lot of incompetence in government so I can understand a lot of that here. The one thing that's more than incompetence and to me, proves this wasn't just bureaucratic stupidity is the "interest list" which is *required* at the registration process. At first glance, it sounds like just another hoop to jump through but whatever minuscule administrative benefit could possibly be obtained by requiring that at the time of the registration (two months before the actual auction) would NOT require bidders to be *limited* to those numbers they preregistered for. There's only ONE reason both require bidders to provide an interest list and prevent them from bidding on anything else. With no minimum bid, in this rare type of auction where they give it away for FREE if there's only one bid, the knowledge of what numbers won't be bid on is HUGE. There's absolutely no administrative value in that or need to know ahead of time which numbers won't be bid on. The ONLY purpose of knowing which numbers that aren't going to be bid on in an auction like this, is to give that information to a bidder so they can literally STEAL all those numbers for FREE!

Suddenly this makes all the apparent incompetence, the extremely rare auction type, all the bureaucracy, the minimum deposit and no minimum bid, and this requirement to disclose ahead of time which numbers you intend to bid on, smell like a huge scam. I paid very close attention to their explanation in both Somos webinars, of the that requirement to disclose up front the numbers you're interested in. There is absolutely no disadvantage to listing all 17,638 numbers, yet the attorney for Somos went to great extremes to "strongly encourage" everyone to just list the ones they actually intend to bid on. He stressed this vigorously. I had to ask repeatedly if there was any disadvantage to listing them all to get him to admit that there wasn't any disadvantage. He insisted it would be hard to list "self" in a column next to the numbers (which takes literally a couple key strokes shift-end then control-V to paste in all 17K numbers). Somos is clearly pushing very hard to get everyone to disclose the numbers they want up front for a reason but it's clearly NOT an administrative reason.

## The secret purpose of the 833 Auction

I said up front everything was designed to minimize the cost of the numbers except ONE thing. The only thing they ostensibly did in order to increase the value of the numbers is to make the ownership registry. They clearly could have just suspended the rules against hoarding and brokering on these numbers and left it at that. The fact that they went so much further though isn't an accident. The reason they gave, to increase the value of the numbers sounds logical by itself but when you look at how absolutely everything else is designed to decrease the cost of the numbers, it becomes clear increasing the value of the numbers is NOT the reason for the registry at all.

The other really bizarre thing that surprised me was when I saw AT&T<sup>2</sup>, Verizon<sup>3</sup>, Century Link<sup>4</sup> and a few more, all met with the FCC to say why the FCC couldn't let just one unreported ownership change of one number disable a whole respoq connection effectively costing a large phone company (or phone companies if they have resellers) potentially millions of dollars in lost business if just one disgruntled customer changed ownership and refused to respond. The FCC's response was essentially just they'll figure it out and they went right ahead and just did it anyway, even though there was an obvious simple fix. They could have just shut off the single customer instead of the whole phone company. By the way, one possible work around for this is to have every large phone company have a second respoq that has permission and access to all your customer numbers. That way if the FCC shuts down your respoq for not having information on one 833 number change, you'll probably still be able to access them through the second respoq.

I know it's dumb to have to do that, but you can't allow one disgruntled customer to shut down access to all your customer's toll free numbers. That's when I knew this must've come from someone above the FCC and that the Ownership Registry is actually the real hidden purpose of this whole process. I also looked back and realized there hadn't been any changes at all that had come solely from the comments. Even the biggest phone companies screaming in unison couldn't change even the tiniest thing especially about the Registry.

Whoever's behind this is not only going to be participating in the auction, probably trying to get the lions share of the 833 numbers for little or no money, but they must also have A LOT of numbers they really want to be able to sell.

There will be two things that prove all of this and show who is involved. The first is that a bidder(s) is going to suck up the lions share of the numbers, a lot of them for absolutely FREE because nobody else even bid on them (what a surprise!) They may likely attempt to hide it by having several different people or organizations bid, but between the disclosure requirements, the fact that they won't bid against each other much if at all, and watching what respoqs the numbers end up on, it'll probably be easy

---

<sup>2</sup> AT&T Services, Inc., Received: 7/25/2019

<https://ecfsapi.fcc.gov/file/10725611316227/Auction%20Procedures%20Ex%20Parte%2007232019.pdf>

<sup>3</sup> Verizon, 07-25-2019 Verizon Ex Parte Letter re 833 TFN Auction Procedures

[https://ecfsapi.fcc.gov/file/1072522381735/07-25-](https://ecfsapi.fcc.gov/file/1072522381735/07-25-2019%20Verizon%20Ex%20Parte%20Letter%20re%20833%20TFN%20Auction%20Procedures%20PN%20(FINAL%20As%20filed).pdf)

[2019%20Verizon%20Ex%20Parte%20Letter%20re%20833%20TFN%20Auction%20Procedures%20PN%20\(FINAL%20As%20filed\).pdf](https://ecfsapi.fcc.gov/file/1072522381735/07-25-2019%20Verizon%20Ex%20Parte%20Letter%20re%20833%20TFN%20Auction%20Procedures%20PN%20(FINAL%20As%20filed).pdf)

<sup>4</sup> CenturyLink, 190725 CenturyLink ex parte

<https://ecfsapi.fcc.gov/file/107251436516166/190725%20CenturyLink%20ex%20parte%20AU%2019-101.pdf>

enough to see if anyone had access to the list of numbers that weren't going to be bid on, at least by anyone that didn't list all the numbers at the time they registered.

The second telltale sign we'll see is who's working with the "bidder" that ultimately designed and pushed this on the FCC, because they'll be the loudest organization pushing for the ownership registry. The bidder behind this probably has so many toll free numbers it'll seem self-serving to push for the registry openly themselves, so they'll get another organization or two, to push it for them despite the actual results. The auction will generate a tiny fraction of bids compared to the original number of requests, and the ownership registry which was supposed to raise the value won't at all. The total raised may not even be much more than the administrative programming fees Somos charges, which again would prove it's a dismal failure. But someone is going to argue that it's good for the industry and say we have to do it and the FCC is going to just do it despite all the complaints, proving this came from someone above the FCC. The FCC will just do what they wanted regardless of the industry. (Unfortunately that's how reality and politics works)

## **WHAT CAN WE DO?**

I realize the auction is already in process and obviously none of this is going to stop that. So what can we do about it at this late hour? During the webinar Joel Bernstein discouraged bidders from putting in all 17k numbers as the numbers they might bid on simply because it would be hard to list "self" or something next to each number.

The first thing that needs to be done is Somos needs to stop encouraging customers to list only the numbers they intend to bid on and encourage customers to list EVERY 833 number being auctioned. They could claim they didn't realize how potentially corrupt it looked at first, but if they continue to do it anyway, it makes them look even more corrupt and like they don't even care about potential corruption in the process.

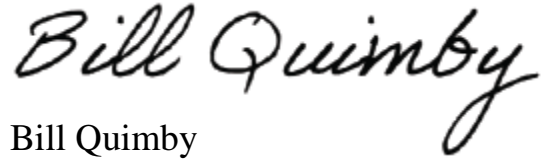
Secondly, even if Somos continues to encourage customers to list only the numbers they want to bid on, as many bidders as possible have to list every number as their number list during the registration. Anyone that knows how to use excel knows it only takes a few seconds to paste Self next to every number in the list.

If enough people paste SELF next to every number this not only doesn't prevent you from getting a new customer or changing your mind on what to bid on at the last minute, but it also prevents an insider from getting as much of an advantage by knowing which numbers don't have anyone bidding on them ahead of time. They still can see to some degree but it reduces the certainty of it. They will still try, but we can also see who was trying to do that by who gets the most numbers for free or almost free. That'll probably be the party that designed the auction.

If it hadn't been done like this, I'd probably be the biggest proponent to the auction and ownership registry. But whoever designed it didn't do any of this to help the industry, they did this and designed it this way specifically to get as many numbers as possible and then even more importantly, to be able to sell their millions of numbers. I'm not naive and I realize it's not illegal to donate enough money to politicians to get them to change the rules for you. Unfortunately that's how politics works to a large degree today. It's just disappointing to see the FCC and Somos participating or allowing it. I'm not happy to say any this because I've spent the past 25 years promoting the toll free business and I honestly love it more than anyone. It's very sad to see the system looking so corrupt. I hope I'm wrong and

nobody gets away with the majority of the toll free numbers like this. If someone does though, that'll be who designed the auction and ultimately got the FCC to promote what they previously prohibited anyone from doing. And whoever pushes to make the Registry to apply to all toll free numbers despite the auction results, is also part of this.

Very sincerely,

A handwritten signature in black ink that reads "Bill Quimby". The script is fluid and cursive, with the first letters of "Bill" and "Quimby" being capitalized and prominent.

Bill Quimby  
President of TollFreeNumbers.com